

COMPANY REGISTRATION NUMBER: 08449586

SulNOx Fuel Fusions PLC
Financial Statements
30 June 2016



SuINOX Fuel Fusions PLC

Financial Statements

Year ended 30 June 2016

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the shareholders	7
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	11
Company statement of financial position	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the financial statements	16
The following pages do not form part of the financial statements	
Consolidated detailed income statement	24
Notes to the consolidated detailed income statement	25

SulNOx Fuel Fusions PLC

Strategic Report *(continued)*

Year ended 30 June 2016

The board of directors

Miss A M Bravo (Resigned 15 November 2015)
Mr S J Bamford
Mr J A Redman
Mr L Brambilla (Resigned 22 September 2016)
Mr D Cadel (Resigned 19 February 2016)
Logical International LLC (Resigned 1 December 2015)
Nistad Grippen AS (Resigned 1 December 2015)
Mr R B Weinberg
Mr R Florescu (Appointed 1 December 2015)
G A Bostock (Appointed 24 March 2016)

Registered office

10 Orange Street
Haymarket
London
United Kingdom
WC2H 7DQ

Auditor

Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

SulNOx Fuel Fusions PLC

Strategic Report *(continued)*

Year ended 30 June 2016

PRINCIPAL ACTIVITIES

The principal activity of the company remains the manufacture of essential chemical formulations furthering the research and development of the company's emulsion technology.

BUSINESS REVIEW

The last twelve months have been dramatic and three items stand out as very important in the world of SulNOx Fuel Fusions.

- The COP 21 Meeting in Paris, where governments from all over the world recognised that Global Warming was becoming more and more obvious and the man made emissions from the burning of fossil fuels was leading to health issues and deaths.
- The enormous Volkswagen scandal in which a quality car brand was found to have "cheated" in showing environmental results.
- The Oil price collapsing from a price of US\$105 per barrel to a low in the \$20's.

Two of these items might be seen as positive and one negative but in any strategic review, one must recognise that some have a greater effect than others. In this case the falling oil price has had the most immediate influence.

In our report last year, we stated that although we did not need large amounts of fresh capital, a fund raising was important to progress our future work and ultimately lead to the adoption of pollution reducing fuel emulsions in the burning of fossil fuels on a global basis. We stated that we were talking to potential fund raisers in The City of London but in the winter and spring of 2016, due to an Oil Price collapse, as stated above, and a sharp drop in Global Markets, it became clear that "new money" was going to be difficult to find and the price of it would not be advantageous.

SulNOx Research & Development has continued to make dramatic progress and during the period under review produced an emulsion where the particle size has been verified by a third party as 1 nanometre compared to 16 nanometres last year. Most of our shareholders are non scientists but one thing is certain - to burn a particle this small will leave hardly anything in the way of polluting residues and with world class stability, our technology is potentially very valuable indeed.

Given our technological progress but our need for fresh capital, your directors decided to appoint VSA Capital to help the company move to the next stage. VSA Capital is a corporate finance boutique organisation and has contacts throughout the world. Three options became apparent:

1. Raise the funds needed and accept the dilution.
2. Sell the company to a large well funded enterprise.
3. Work towards a strategic alliance with a business that would have much to gain from the SulNOx Fuel Fusions technology.

Our technical director said in a recent meeting, "everyone wants to own a Ferrari but wants to pay for a Fiat"! This is a very real issue and both items 1 & 2 fall into this category. Whilst the directors may well be able to achieve either one, the issue of valuation is definitely an obstacle.

VSA Capital suggested that a "Strategic Alliance" was the better route to go and the directors have decided that this is correct. As a result, we are in the process of signing a Memorandum of Understanding with a Group that believe in our technology but both parties appreciate that to commercialise this technology to the full will take time and a significant amount of money.

If a deal is done, the SulNOx Fuel Fusions shareholders will participate in a royalty stream that will continue for as long as fuel emulsions are sold. The politicians at COP21 need solutions to air pollution

SulNOx Fuel Fusions PLC

Strategic Report *(continued)*

Year ended 30 June 2016

and we definitely have one - together with our strategic partner, we will be able to deliver this solution to the world

FUTURE DEVELOPMENTS

The marketplace for Fuel Emulsions remains enormous and we believe that the SulNOx Fuel Fusions technology is the best in the world. Your directors feel that this potential strategic alliance is an elegant solution to a real problem and will pursue it to completion. Until then our website will be closed but this should not be seen as a negative.

During this financial year, the company has closed down certain subsidiaries that are no longer appropriate. The balance sheet is strong and our Intellectual Property is becoming more valuable with each passing year.

The Brexit decision that has just been taken in the UK is undoubtedly most important but our IP and Technology is Global and will be unaffected.

SulNOx Fuel Fusions PLC

Strategic Report *(continued)*

Year ended 30 June 2016

PRINCIPAL RISKS AND UNCERTAINTIES

Whilst using its best endeavours to attain the investment objective, the Company cannot guarantee the extent to which this objective will be achieved. The investments of the Company are subject to normal fluctuations and other inherent risks and there can be no assurance that any appreciation in share value will occur. The value of investments, and therefore the value of the Shares relating to these, can go down as well as up and an investor may not realise the amount originally invested. The following factors contribute to the risk inherent in any investment in the Company:

No Assurance of any Return to Shareholders

There can be no assurance of any return or benefits to the shareholders with respect to their investment in the Company. Any return or benefits to the shareholders with respect to their investment in the Company. Any return to the holders of Shares can depend upon economic factors and conditions beyond the control of the Company, commonly referred to as 'Force Majeure' or 'Act of God'. The level of return to the shareholders will also depend upon the ability of the Company to successfully manage the assets and business of the company.

Share Price Fluctuations

The Company's profits and/or Net Asset Value will fluctuate, reflecting fluctuations in the market in general and the world's economic outlook and climate. The value of the Company's business can be adversely affected by a number of factors. Such factors can include: interest rate movements, changes in the actual and perceived creditworthiness of the Company's customers, changes in any applicable foreign currency rates. Social, economic or political factors, factors affecting the fuel and transport industry in general and many other contributory elements.

Regulatory Risks

Due to the nature of the Company's business in fuel technology, it is subject to significant regulatory requirements and licensing factors which are not always in the Company's control.

Tax Risks

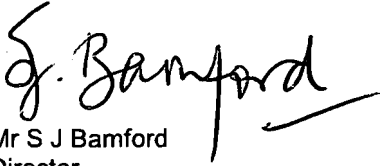
The tax consequences of an investment in the Company are subject to certain risks outlined below. Each potential investor should carefully consider the tax effects of their own investment in the Company since the tax consequences of an investment in the Company are complex and certain of them would not be the same for all taxpayers. In view of the complexity of the tax aspects of investing in the Company, and particularly in view of the fact that the tax situation of each investor will differ, all prospective investors should consult their own tax advisors with specific reference to their own tax situation prior to making an investment in the Company.

SuINOX Fuel Fusions PLC

Strategic Report *(continued)*

Year ended 30 June 2016

This report was approved by the board of directors on 12/10/2016 and signed on behalf of the board by:



Mr S J Bamford
Director

Registered office:
10 Orange Street
Haymarket
London
United Kingdom
WC2H 7DQ

SulNOx Fuel Fusions PLC

Directors' Report

Year ended 30 June 2016

The directors present their report and the financial statements of the group for the year ended 30 June 2016.

Directors

The directors who served the company during the year were as follows:

Mr S J Bamford	
Mr L Brambilla	
Mr R B Weinberg	
Mr J A Redman	
Mr R Florescu	(Appointed 1 December 2015)
G A Bostock	(Appointed 24 March 2016)
Miss A M Bravo	(Resigned 15 November 2015)
Mr D Cadel	(Resigned 19 February 2016)
Logical International LLC	(Resigned 1 December 2015)
Nistad Grippen AS	(Resigned 1 December 2015)

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SulNOx Fuel Fusions PLC

Directors' Report *(continued)*

Year ended 30 June 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 18/10/2016 and signed on behalf of the board by:



Mrs J Bamford
Director

Registered office:
10 Orange Street
Haymarket
London
United Kingdom
WC2H 7DQ

SulNOx Fuel Fusions PLC

Independent Auditor's Report to the Shareholders of SulNOx Fuel Fusions PLC

Year ended 30 June 2016

We have audited the financial statements of SulNOx Fuel Fusions PLC for the year ended 30 June 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SulNOx Fuel Fusions PLC

Independent Auditor's Report to the Shareholders of SulNOx Fuel Fusions PLC (continued)

Year ended 30 June 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



STEWART JELL (Senior Statutory Auditor)
For and on behalf of
SHIPLEYS LLP
Chartered Accountants
& Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ
.....11/11/16

SulNOx Fuel Fusions PLC

Consolidated Statement of Comprehensive Income

Year ended 30 June 2016

	Note	2016 £	2015 £
Distribution costs		407,394	104,184
Administrative expenses		746,573	1,471,651
Operating loss	3	1,153,967	1,575,835
Loss on ordinary activities before taxation		1,153,967	1,575,835
Tax on loss on ordinary activities		—	—
Loss for the financial year and total comprehensive income		1,153,967	1,575,835

All the activities of the group are from continuing operations.

The notes on pages 16 to 24 form part of these financial statements.

SulNOx Fuel Fusions PLC

Consolidated Statement of Financial Position

30 June 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	7	10,026,054	10,034,739
Tangible assets	8	26,803	165,447
		<u>10,052,857</u>	<u>10,200,186</u>
Current assets			
Debtors	10	30,283	54,037
Cash at bank and in hand		2,303	508
		<u>32,586</u>	<u>54,545</u>
Creditors: amounts falling due within one year	11	<u>1,862,003</u>	977,435
Net current liabilities		<u>1,829,417</u>	<u>922,890</u>
Total assets less current liabilities		<u>8,223,440</u>	<u>9,277,296</u>
Net assets		<u>8,223,440</u>	<u>9,277,296</u>
Capital and reserves			
Called up share capital	12	1,631,118	1,631,118
Share premium account	13	9,389,155	9,279,805
Profit and loss account	13	(2,796,833)	(1,633,627)
Shareholders funds		<u>8,223,440</u>	<u>9,277,296</u>

These financial statements were approved by the board of directors and authorised for issue on 18/10/2016 and are signed on behalf of the board by:


Mr S J Bamford
Director

Company registration number: 08449586

The notes on pages 16 to 24 form part of these financial statements.

SuINox Fuel Fusions PLC

Company Statement of Financial Position

30 June 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	7	10,000,000	10,000,000
Tangible assets	8	–	130,618
Investments	9	408,150	353,163
		<u>10,408,150</u>	<u>10,483,781</u>
Current assets			
Debtors	10	3,694	–
Cash at bank and in hand		63	299
		<u>3,757</u>	<u>299</u>
Creditors: amounts falling due within one year	11	<u>1,387,015</u>	943,160
Net current liabilities		<u>1,383,258</u>	<u>942,861</u>
Total assets less current liabilities		<u>9,024,892</u>	<u>9,540,920</u>
Net assets		<u>9,024,892</u>	<u>9,540,920</u>
Capital and reserves			
Called up share capital	12	1,631,118	1,631,118
Share premium account	13	9,389,155	9,279,805
Profit and loss account	13	(1,995,381)	(1,370,003)
Shareholders funds		<u>9,024,892</u>	<u>9,540,920</u>

These financial statements were approved by the board of directors and authorised for issue on 12/10/2016 and are signed on behalf of the board by:


Mr S J Bamford
Director

Company registration number: 08449586

The notes on pages 16 to 24 form part of these financial statements.

SulNOx Fuel Fusions PLC

Consolidated Statement of Changes in Equity

Year ended 30 June 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 July 2014	1,618,618	8,948,098	(57,792)	10,508,924
Loss for the year			(1,575,835)	(1,575,835)
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>(1,575,835)</u>	<u>(1,575,835)</u>
Issue of shares	12,500	331,707	–	344,207
Total investments by and distributions to owners	<u>12,500</u>	<u>331,707</u>	<u>–</u>	<u>344,207</u>
At 30 June 2015	1,631,118	9,279,805	(1,633,627)	9,279,805
Loss for the year			(1,153,967)	(1,153,967)
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>(1,153,967)</u>	<u>(1,153,967)</u>
Other reserve movement	–	109,350	–	109,350
Total investments by and distributions to owners	<u>–</u>	<u>109,350</u>	<u>–</u>	<u>109,350</u>
At 30 June 2016	<u>1,631,118</u>	<u>9,389,155</u>	<u>(2,796,833)</u>	<u>8,223,440</u>

The notes on pages 16 to 24 form part of these financial statements.

SulNOx Fuel Fusions PLC
Company Statement of Changes in Equity
Year ended 30 June 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 July 2014	1,618,618	8,948,098	(57,792)	10,508,924
Loss for the year	—	—	(1,312,211)	(1,312,211)
Total comprehensive income for the year	—	—	(1,312,211)	(1,312,211)
Issue of shares	12,500	331,707	—	344,207
Total investments by and distributions to owners	12,500	331,707	—	344,207
At 30 June 2015	1,631,118	9,279,805	(1,370,003)	9,540,920
Loss for the year	—	—	(625,378)	(625,378)
Total comprehensive income for the year	—	—	(625,378)	(625,378)
Other reserve movement	—	109,350	—	109,350
Total investments by and distributions to owners	—	109,350	—	109,350
At 30 June 2016	<u>1,631,118</u>	<u>9,389,155</u>	<u>(1,995,381)</u>	<u>9,024,892</u>

The notes on pages 16 to 24 form part of these financial statements.

SulNOx Fuel Fusions PLC
Consolidated Statement of Cash Flows
Year ended 30 June 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	(1,153,967)	(1,575,835)
<i>Adjustments for:</i>		
Depreciation of tangible assets	139,267	55,149
Amortisation of intangible assets	8,685	8,685
Loss on disposal of shares in group undertakings	19,999	-
Accrued expenses	750,567	887,421
<i>Changes in:</i>		
Trade and other debtors	23,754	(54,037)
Trade and other creditors	104,763	(26,775)
Cash generated from operations	<u>(106,932)</u>	<u>(923,993)</u>
Net cash used in operating activities	<u>(106,932)</u>	<u>(923,993)</u>
Cash flows from investing activities		
Purchase of tangible assets	(623)	(13,649)
Movement in loans to participating interest	-	(181,593)
Proceeds from sale of subsidiaries	-	-
Net cash used in investing activities	<u>(623)</u>	<u>(167,944)</u>
Cash flows from financing activities		
Proceeds from prior issue of shares	109,350	344,207
Proceeds from borrowings	-	-
Net cash from financing activities	<u>109,350</u>	<u>344,207</u>
Net increase/(decrease) in cash and cash equivalents	1,795	(139,691)
Cash and cash equivalents at beginning of year	508	140,199
Cash and cash equivalents at end of year	<u>2,303</u>	<u>508</u>

The notes on pages 16 to 24 form part of these financial statements.

SulNOx Fuel Fusions PLC
Notes to the Financial Statements
Year ended 30 June 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of SulNOx Fuel Fusions PLC and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

SulNOx Fuel Fusions PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2016

2. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	25% reducing balance
Fixtures & Fitting	-	25% reducing balance
Equipment	-	25% reducing balance
Research and Development	-	25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

SulNOx Fuel Fusions PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2016

2. Accounting policies *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

3. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Amortisation of intangible assets	8,685	8,685
Depreciation of tangible assets	139,267	55,149
Loss on disposal of shares in group undertakings	19,999	–
Foreign exchange differences	–	1,913
	<u> </u>	<u> </u>

4. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	12,000	12,000
	<u> </u>	<u> </u>

5. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Management staff	7	7
	<u> </u>	<u> </u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	586,194	820,000
Social security costs	77,280	113,160
	<u>663,474</u>	<u>933,160</u>

SulNOx Fuel Fusions PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2016

6. Loss for the year of the parent company

The loss for the financial year of the parent company was £625,378 (2015: £1,312,211).

7. Intangible assets

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 Jul 2015 and 30 Jun 2016	<u>43,424</u>	<u>10,000,000</u>	<u>10,043,424</u>
Amortisation			
At 1 July 2015	8,685	–	8,685
Charge for the year	8,685	–	8,685
At 30 June 2016	<u>17,370</u>	<u>–</u>	<u>17,370</u>
Carrying amount			
At 30 June 2016	<u>26,054</u>	<u>10,000,000</u>	<u>10,026,054</u>
At 30 June 2015	<u>34,739</u>	<u>10,000,000</u>	<u>10,034,739</u>
Company			Development costs £
Cost			
At 1 Jul 2015 and 30 Jun 2016			<u>10,000,000</u>
Amortisation			
At 1 Jul 2015 and 30 Jun 2016			<u>–</u>
Carrying amount			
At 1 Jul 2015 and 30 Jun 2016			<u>10,000,000</u>

On the 29th March the company acquired from Technologies & Systems, the exclusive rights to a suite of Emulsion Technologies developed over the previous 25 years, for a consideration of £10,000,000 in cash, to be paid at the rate of £1,000,000 per year for 10 years, subject to terms and conditions.

In a subsequent agreement dated 18 October 2013, the outstanding consideration was satisfied by the placement of shares at value of £1.5 each and the company assumed unencumbered ownership of the Emulsification Technologies.

SulNOx Fuel Fusions PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2016

8. Tangible assets

Group	Leasehold Property £	Fixtures and fittings £	Equipment £	Research & Development £	Total £
Cost					
At 1 Jul 2015	10,841	4,920	–	219,711	235,472
Additions	430	–	193	–	623
At 30 Jun 2016	<u>11,271</u>	<u>4,920</u>	<u>193</u>	<u>219,711</u>	<u>236,095</u>
Depreciation					
At 1 Jul 2015	3,274	1,410	–	65,341	70,025
Charge for the year	1,999	898	28	136,342	139,267
At 30 Jun 2016	<u>5,273</u>	<u>2,308</u>	<u>28</u>	<u>201,683</u>	<u>209,292</u>
Carrying amount					
At 30 Jun 2016	<u>5,998</u>	<u>2,612</u>	<u>165</u>	<u>18,028</u>	<u>26,803</u>
At 30 Jun 2015	<u>7,567</u>	<u>3,510</u>	<u>–</u>	<u>154,370</u>	<u>165,447</u>

Company

Research and
Development
£

Cost	
At 1 Jul 2015 and 30 Jun 2016	<u>174,157</u>
Depreciation	
At 1 July 2015	43,539
Charge for the year	130,618
At 30 June 2016	<u>174,157</u>
Carrying amount	
At 30 June 2016	<u>–</u>
At 30 June 2015	<u>130,618</u>

9. Investments

Group	Shares in group undertakings £
Cost	
At 1 July 2015	20,000
Disposals	(20,000)
At 30 June 2016	<u>–</u>
Impairment	
At 1 Jul 2015 and 30 Jun 2016	<u>–</u>
Carrying amount	
At 30 June 2016	<u>–</u>
At 30 June 2015	<u>20,000</u>

SulNOx Fuel Fusions PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2016

9. Investments *(continued)*

Company	Shares in group undertakings £	Loans to participating interests £	Total £
Cost			
At 1 July 2015	20,001	333,163	353,164
Additions	–	74,986	74,986
Disposals	(20,000)	–	(20,000)
At 30 June 2016	<u>1</u>	<u>408,149</u>	<u>408,150</u>
Impairment			
At 1 Jul 2015 and 30 Jun 2016	–	–	–
Carrying amount			
At 30 June 2016	<u>1</u>	<u>408,149</u>	<u>408,150</u>
At 30 June 2015	<u>20,001</u>	<u>333,163</u>	<u>353,164</u>

Subsidiaries, associates and other investments

On 1 July 2014 Sulnox Fuel Fusions PLC acquired the entire share capital of Sulnox Research and Development Limited.

The book value of the assets and liabilities acquired were as follows:

	Fair value and book value £
Cash	30,216
Tangible Fixed Assets	32,790
Debtors	14,811
Creditors	(121,240)
	<u>(43,423)</u>
Goodwill	43,424
Satisfied by: Considered satisfied by cash	<u>1</u>

The book value of the assets acquired are not considered to be materially different from their value.

10. Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Other debtors	<u>30,283</u>	<u>54,037</u>	<u>3,694</u>	<u>–</u>

SulNOx Fuel Fusions PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2016

11. Creditors: amounts falling due within one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	149,749	19,050	-	-
Accruals and deferred income	1,701,227	950,660	1,387,015	943,160
Director loan accounts	11,027	7,725	-	-
	<u>1,862,003</u>	<u>977,435</u>	<u>1,387,015</u>	<u>943,160</u>

Included within accruals is an amount for £1,380,000 (2015: £820,000) for wages and salaries and £190,440 (2015: £133,160) for associated taxes in relation to 2 years' worth of salaries that have been deferred by both Shareholders, Directors and Senior management. These amounts have been accrued in the financial statements under the assumption that unless the company is in a position that does not jeopardise investor funds they will not be drawn.

12. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.02 each	<u>81,555,920</u>	<u>1,631,118</u>	<u>81,555,920</u>	<u>1,631,118</u>

Share movements

	No.	£
Ordinary		
At 1 July 2015	81,555,920	1,631,118
Issue of shares	-	-
At 30 June 2016	<u>81,555,920</u>	<u>1,631,118</u>

13. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

14. Related party transactions

Group and Company

In the opinion of the directors there is no ultimate controlling party by virtue of a majority shareholding.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

SulNOx Fuel Fusions PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2016

15. Transition

These are the first financial statements that comply with FRS 102. The Company transitioned to FRS 102 on 1 July 2014.

No transitional adjustments were required in equity or profit or loss for year.